

PERCEPTION OF YOUNG CONSUMERS TOWARDS CAUSE MARKETING OF FMCG BRANDS

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ABSTRACT

Every business organization takes inputs from society. Therefore it becomes a responsibility of the business organization to give 'something' in return to the society. It has been observed that the organizations are finding ways of 'doing good' for society. Cause Related Marketing is one of them. A worthy cause has been a considerable factor for 'doing well' for many of the marketers. In India some companies have actively initiated the process of associating their brands with a cause. The study is an attempt of understanding the cause related marketing practices & their influence in FMCG products in India. The study aims at understanding the perception of 'young' Indian consumers towards the concept of cause related marketing. This research helps in identifying the different dimensions of cause related marketing and its significance for young buyers of FMCG brands. 200 respondents of younger age were personally contacted and data was analyzed to meet the research objectives.

KEYWORDS: Consumer Perception, Marketing Strategy, Market Segmentation, Cause Related Marketing, FMCG Market

INTRODUCTION

The global completion in market place has risen so high that the marketers find it extremely difficult to differentiate themselves from the competition through traditional tools of marketing like pricing & quality. At the same time the firms are also realizing the growing significance 'doing well' by 'doing good' to society. In past few years Cause Related Marketing has evolved as a strategic tool to build positive attitude towards the brand and enhancing buying intentions. The spent on Cause sponsorship is predicted to reach \$1.78 billion in 2013, a projected increase of 4.8% over 2012. As per 79% of Americans say they would be likely to switch from one brand to another, when price and qualities are about equal, if the other brand is associated with a good cause.

Marketing experts also believe that it is a valid concept and helps in differentiating from competitor's brand. Many marketers in FMCG category have spent a huge amount on CRM. Indian consumer market is also witnessing many brands engaging themselves in CRM. Besides social responsibilities the marketers are developing and implementing CRM practices with commercial motives. It is therefore very important for cause markers to know the perception of the consumers so that they can plan CRM more effectively. We believe the different segments of customers have different perception towards CRM. There is a lot of scope of in analyzing the buying behavior and purchase intentions of particularly the youth segment which is considered to play the influential role in buying the FMCG products as India has the largest youth population in the world; around 66 per cent of the total population (more than 808 million) is below the age of 35. Being such a major demographic, it becomes very important to understand their behaviour towards the differentiated approach of cause marketing in Indian consumer market.

Evolution of Cause Related Marketing

For many years business goals and social responsibilities of business were seen separately. Over past few decades the scenario has changed. Instead of 'Doing Well' and 'Doing Good' as separate pursuits, the accountability and responsibility of the business organizations has exceeded from shareholders to society which provides all inputs to business. Therefore the business organizations all across the world are finding new ways to discharge their responsibilities towards the society. Corporate social responsibility is most common adopted tool for this. Cause marketing or cause-related marketing refers to a type of marketing involving the cooperative efforts of a "for profit" business and a non-profit organization for mutual benefit

Social cause is also marketed effectively by many business organizations. American Express in 1983 with its iconic Statue of Liberty Restoration project is the first example to be quoted. Over a four-month period, \$1.75 million was raised for restoration, new users grew by 17% and transaction activity jumped 28%.

The Relevance of Cause Related Marketing in FMCG Market

There has been a strong growth in Indian FMCG market over the years. The sector's revenue reported a CAGR of 17.3% over 2006-11. Consequently today's marketplace is flooded with brands in all product categories. On the other hand the companies operating in the sector have also realized that they are expected to find their way that helps them to make their stand for not just the financial returns but for comprehensive social and economic returns to the society at large. Many corporations have made their attempts to do well financially by doing good socially. The campaigns are launched under a marketing strategy called 'cause-related marketing.' They have majorly adopted 'Transactional Programmes' e.g. Proctor & Gamble's "Shiksha" campaign, ITC Classmate's campaign for unprivileged students; and 'Propaganda Programmes' having a cause of a form other than monetary like Tata Tea's *Jaago Re* campaign. The strategy can be planned on a varied time frame. When price and quality are equal, the corporations are using cause as a differentiator.

Targeting the Indian Youth

Youth have always been a prime target for marketers. More so in India now, as two-thirds of the population is below 35 years of age. According to MindShare Insights, the research division of a media buying agency MindShare, 65 %, or over 700 million Indians, is younger than 35 years.

This segment has an influence on consumer spending far in excess of its numerical strength. Nine million people in the age group of 12-25 years from the top 35 cities (one million plus population) in India are the ones setting the trends and raising the aspirational value for one-billion-plus Indians, reports MindShare Insights. Another critical factor is the increasing buying power of this segment. Therefore when it comes to cause related marketing, this becomes important segment. The companies also require a great confidence on understanding their behavior towards various aspects of marketing programme

Literature Review

Brink, (2006) termed "CRM as a specific marketing activity through which the firm promises its consumers to donate company resources to a worthy cause for selling the each unit of product or service." Endacott, 2004 has advocated that CRM is one of the fastest growing marketing communications due to the fact that it is a win-win-win situation for

business, non-profit organization and consumer. As per the study of Polonsky & Wood, 2001, consumers have the possibility by contributing to a cause to satisfy their altruistic needs. A study conducted by File and Prince, 2004 states that more than half of the companies participating in CRM seek to improve brand purchase intention. The study by Yanli Cui, Elizabeth S. Trent, Pauline M. Sullivan, Grace N. Matiru, (2003) finds that females, social science majors, parents' annual income and previous donation activity have significant impact on the evaluation of a CRM offer. There is a positive relationship between evaluation of CRM offer and purchase intent toward the offer.

In Indian context the study of B. Garg, 2007, suggests that the companies must generate more awareness regarding its contribution to a social cause through effective communication channels like television and internet advertising. India being a developing country with over 250 million strong middleclass families which can be a good support to a good cause. Cause Related Marketing has evolved as a concept and a strategic tool to increase the revenue, sales and maintaining the brand positioning in the consumer's mind as well as in the Market. Cause Related Marketing (CRM) defined by Varadarajan and Menon (1988) provide the grounds for later research it can be defined as integrated step-by-step process of developing, maintaining, along with integrating marketing activities. These activities are associated with special cause that is being supported by the firm with an announced amount of revenue generated by customers and company focuses on mutual benefits. According to Till and Nowak, 2000, CRM has become a tactical/strategic instrument to develop a positive brand image, product or overall company in customers mind.

Scope of the Study

The study was found useful in examining the utility of cause related marketing as a strategic tool for young segment as a target market as youngsters hold a valuable position in FMCG. The study also focuses on the nature of causes and their marketing as influencer on buying behavior.

Research Objectives & Methodology

The study was conducted with following objectives:

- To study the perception of young customers towards cause related marketing in FMCG Sector.
- To evaluate the influence of Cause related Marketing on brand image & buying intentions of youth

The study is a descriptive research. It consists of the application of both primary and secondary data. A survey of 250 respondents in Delhi & NCR region was conducted through questionnaire. All the respondents were taken from the age group of 18-25. In order to find out the required results, the data was analyzed through MS Excel & SPSS.

Survey Findings

Awareness and Acceptance: In Delhi & NCR there is a higher degree of awareness amongst youngsters for cause marketing campaigns. Rather they are enthusiastic for cause marketing and believe that the causes are the channel through which they can contribute to the society. 88% said that companies should financially support causes. In comparison to the other modes of promotion causes are more acceptable as the companies take some initiatives that are a benefit to the society.

FMCG Industry & Causes: The respondents say that many FMCG products are fit to conduct a cause marketing campaigns as every purchase will be a contribution to a social cause. As per 98 % respondents FMCG are fit for both

transactional programmes & propaganda programmes. Products from other categories cannot be equally suitable for cause related marketing.

Cause Marketing & Brand Differentiation: When quality, features & price of the offerings are similar, cause becomes a differentiator for the brand. 56% respondents believe that brand differentiates from other similar brands because of the cause and gains value in the minds of consumers if the cause fits with the brand. But poorly fit cause campaigns can damage the brand image.

Influence on Brand Image: There is a positive influence on brand image of a product associated to a noble cause. The young buyers have a positive attitude towards those causes brands those give something to the society in comparison to other promotion tools used by the companies.

Recent Purchase: 61% percent of youngsters say that they have found themselves motivated to purchase a brand associated with a cause. 41% youngsters purchased an FMCG product associated with a cause. Every 3rd of them was keen to stick to the brand if the campaign was run for a long run.

Marketing Media: In order to communicate and promote a cause by a company, there has to be a strong content in the message to the target audience. Media is a key element for the campaign. Television commercial are taken as the best source to communicate to target audience about the affiliation of the brand to the kind of cause.

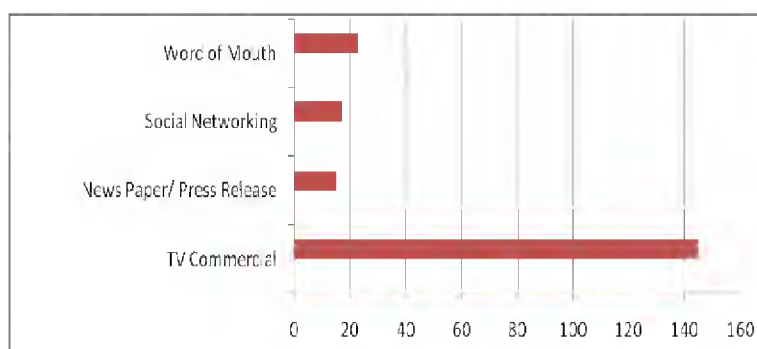


Figure 1: Media Effectiveness in Cause Marketing

72 % consumers say that television commercials are the most effective source of awareness for a brand getting associated to any cause. The print media has been ranked poor to promote cause marketing campaigns to the young audience.

Factors Influencing Buying Intentions: Indian youth believe more strongly the cause which has successfully won the trust of the consumers. The nature of the cause, the way it has been communicated or promoted and how far the cause correlates with the brand image are the major factors influencing buying behavior

Price & Purchase Intentions: Young buyers are even positive to purchase a more expensive brand in case the company is supporting a cause they care about. In a medium income group, even if they have a tendency to compare the price of available options, every third consumer will be ready to spend more prices if the brand is associated to a worthy cause. This possibility is even higher by 13% in case of higher income levels.

Switching & Retention: 45 % of the consumers are positive towards social cause can be motivated to switch to another brand that has an association to a cause they care about and has been communicated effectively.

Post Purchase Experience: 56 % buyers of any product related to a cause feel satisfied after consuming such brand. The brand loyalty also increases amongst existing consumers of a brand because of cause related marketing. None of them is dissatisfied after consuming such a product.

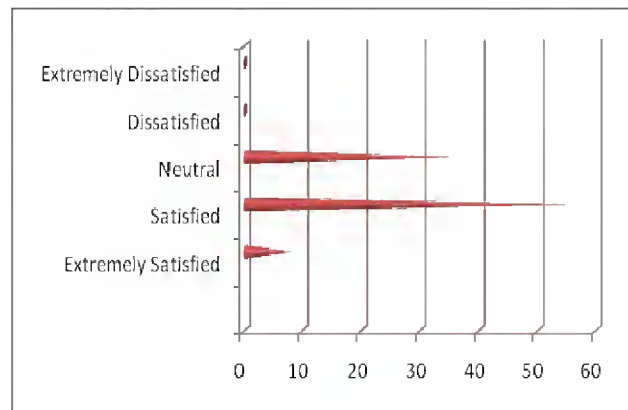


Figure 2: Post Purchase Behavior

Where Cause Will Not Affect Positively?

There are some factors which are essentially required in a company and its brand involved in cause related marketing. Putting it in other words, every brand associated with a brand will not be able to get the similar response from the buyers. Brand image, company & its goodwill, to what extent the brand fits in the campaign, NGO running the cause and effectiveness of message delivery of the company will be the areas of concern by the consumer. Poorly rated campaigns have not motivated the consumers towards buying. Very poorly graded campaigns even damage the brand image of the product i.e. has a negative influence on buying intentions. But if the campaign is rated well, and other offerings are similar, 47% consumers may take buying decisions in favour of the brand associated to a cause.

CONCLUSIONS

The study was conducted to find out the perception of youngsters towards cause related marketing of FMCG category and its impact on their buying behavior. It was found that youth perceive cause as a more responsible tool to contribute to society. They appreciate the initiatives taken by the marketers joining the hands with the NGO working for a noble cause. A well designed cause marketing campaign can bring benefits to the company. It works as a great differentiator in FMCG as there are so many similar offerings in the market. A well rated & effectively communicated cause marketing campaign creates a positive impact on buying behaviour of the young consumers in favour of the brand.

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